

**The OECD, World Bank and International Monetary Fund:
Development Activities in the Crisis Prevention and
Conflict Management Sphere**

Dr Stephan Klingebiel
German Development Institute (GDI)
Tulpenfeld 4
53113 Bonn
Germany
Phone: +49/228/94927-0
Fax: +49/228/94927-130
E-mail: sklingebiel@t-online.de

January 2001

1 Introduction

Crisis prevention and conflict management became established as an important aspect of development policy in the 1990s. This is not least true – though in varying forms and to varying degrees – of international actors. It is often assumed that the World Bank and International Monetary Fund (IMF) in particular have considerable potential in this respect.

"Due to their considerable financial resources, technical assets, and global presence, the IFIs¹ (i.e. the World Bank and the IMF, S.K.) have the capacity to assist in maintaining or recreating an environment of peace and stability."
(Ball/Friedman/ Rossiter 1997: 244)

For a crisis prevention and conflict management policy it is therefore very important to know

- what potential international institutions have for preventing violent conflicts or contributing to their termination and resolution (Do international institutions have special advantages or disadvantages as regards achieving something in these situations?),
- what these institutions have so far done to make the new task a fixture (Have they hitherto tended to observe the debate passively, or have they already widened their own profile or even attempted to play an active part in shaping the international debate?) and
- how past efforts in this area should be rated (Have past efforts made an effective contribution, and what other steps need to be taken?).

Whatever the development policy options, international actors can in principle take action in four different fields with a view to preventing crises and managing conflicts (see Colletta/Nezam 1998: 101):

- *Policy and diplomacy*: Political and diplomatic initiatives can be taken to launch or support peace negotiations or disarmament efforts, for example.
- *Security policy*: In the context of military measures peacekeeping or peacemaking operations can be launched or implemented to protect emergency relief measures.
- *Emergency and refugee aid*: In acute emergencies basic necessities are provided to ensure survival in the short term.
- *Reconstruction aid and development cooperation*: Medium- and longer-term measures are taken with the object of preventing violent conflicts or contributing to their termination or resolution. Such measures are intended to have structure-forming effects.

¹ IFIs: international financial institutions. Besides the World Bank and IMF, they include the regional development banks.

This paper considers three international development institutions² operating predominantly in the fourth of the above fields and partly in the third. They are

- the *Organisation for Economic Co-operation and Development* (OECD), and especially, in this context, the *Development Assistance Committee* (DAC),
- the World Bank (group), with the emphasis here on the *International Bank for Reconstruction and Development* (IBRD) and the *International Development Association* (IDA), and
- the *International Monetary Fund* (IMF).

While bilateral actors usually operate, or are able to operate, in all four fields, the mandates of international institutions are, as a rule, very much narrower. Nonetheless, there is much overlapping. The World Bank and IMF in particular have repeatedly pointed out in the past that they do not, and may not, take political or diplomatic action since it is not covered by their mandates. However, it is precisely this "unpolitical" action that is often questioned, especially in view of the wide range of opportunities the two institutions have, indirectly at least, of bringing major influence to bear on policies.³

Another point is very important for a basic understanding. There is a fundamental difference between the OECD's DAC on the one hand and the World Bank and IMF on the other: the DAC is a coordinating body for donors engaged in bilateral development cooperation; although it is thus active in the area of standard-setting, it does not itself take action in crisis and conflict situations.

The World Bank and IMF play a completely different role, in that they themselves operate in the countries concerned or are able to influence their policies. This influence may differ in form, but generally includes a combination of "carrots and sticks".⁴ Implementation and organization may take the following forms:

- *Financial assistance*: Financial aid may vary widely in form – loans for specific projects or programmes, credits in connection with structural or sectoral adjustment programmes, rapidly disburseable balance-of-payments aid, etc.
- *Technical cooperation*: Technical cooperation too may concern very different spheres, examples being the development of a national reconstruction programme, a programme for the reform of the security sector, the reform of government social programmes and tax legislation and the strengthening of government institutions through capacity-building.

² It should be remembered that the International Monetary Fund can be regarded (and regards itself) as a development institution in the narrow sense to only a limited extent. This is due both to the IMF's objectives (which will be discussed later in this paper) and to the conditions attached to the resources it provides, which do not entirely satisfy the requirements of official development aid (ODA).

³ See the discussion later in this paper.

⁴ See, for example, Cortright (1997: 279 f.) and Uvin (1999). Ball/Friedman/Rossiter (1997: 146 f.) distinguish three approaches in this content: persuasion, support and pressure.

- *Conditionality*: The forms that financial assistance takes may be subject to specific conditions, linking the disbursement of certain credits to the implementation of a reform programme, for example.
- *Signalling effect and resource mobilization function*: In many cases the World Bank's and IMF's behaviour also has a major signalling effect on other public donors and on the private sector (banks and investors). In other words, the World Bank's or IMF's "seal of approval" may have a very significant influence on private investment, for example.

The World Bank in particular also acts as a guide in the area of donor coordination. An important role is played in this context by the consultative group meetings it organizes, which may perform a pivotal function with respect to programmes for the reconstruction of post-conflict countries. This coordinating activity is related primarily to individual countries, whereas the DAC concentrates on overarching issues.

2 What Do the OECD, World Bank and IMF Do in the Crisis Prevention and Conflict Management Sphere?

To identify the particular features and specific tasks of the three international institutions considered here, separate analyses are made of the DAC, World Bank and IMF in the following sections. The questions discussed in this context are: (1) what is the general profile of each institution (including its mandate and powers) and on what policy is its work in the crisis prevention and conflict management sphere based, (2) what practical activities does it undertake in this area and (3) how should its current role be rated and what can be said about its future development?

2.1 OECD/DAC

2.1.1 Profile and Policy

Being the appropriate specialist committee, the DAC plays the central role in the OECD's development activities. This also extends to its development activities in the area of crisis prevention and conflict management.

The DAC coordinates the activities of the bilateral donors with the principal aim of improving the effectiveness of development cooperation.⁵ Its members are the 15 countries of the European Union (EU), the European Commission, Australia, Japan, Canada, New Zealand, Norway, Switzerland and the USA. The DAC's tasks are performed by no other international institution: by agreeing on basic development cooperation standards, it exercises a quality assurance function. Examples of DAC standards are the List of Aid Recipients (Which countries are recognized as developing countries?) and the criteria which aid must satisfy if it

⁵ For further details on this aspect see Ashoff (2000).

is to be recognized internationally as development cooperation (and not condemned, for example, as unauthorized export subsidization). Many of the standards set by the DAC are very binding.

The standards agreed in the DAC may therefore have a major influence on the concepts and behaviour of the bilateral and multilateral donor community. The fact that the various donor countries are themselves involved in drawing up the standards helps to give the agreements a sounder basis. In many respects the DAC has also played a guiding role in the debate on development and has been able to give the DAC Members considerable encouragement. This is true, for example, of the debate on crisis- and conflict-related issues.

2.1.2 Activities⁶

The DAC debate on crisis- and conflict-related issues is associated primarily with two documents: the *Orientations on Participatory Development and Good Governance* and the *Guidelines on Conflict, Peace and Development Cooperation*.

Orientations on Participatory Development and Good Governance

The *Orientations on Participatory Development and Good Governance* were adopted at the DAC's *High Level Meeting* in December 1993. It should be particularly emphasized that the document forges a link between military spending and violent conflicts and attempts to increase awareness with respect to military budgets in developing countries.

The document states, for example:

"DAC Members recognise the importance of peace and security for development. When military expenditure is excessive, it can result in conflict and repression, contribute to instability in the region and divert scarce resources away from development needs. DAC Members emphasize the importance of establishing and maintaining the primacy of the role of civilians in political and economic affairs and the significance they attach to avoiding or reducing excessive military expenditure." (OECD 1993: 19)

The focus on military budgets in the context of development was also closely linked to other of the donor countries' policies. As military spending in developing countries is often directly associated with arms exports from DAC Members, it gave rise to a debate on a coherent development policy. The implementation of a coherent development policy (that seeks, for example, to influence arms exports) posed serious practical problems in the 1990s.

An *Ad Hoc Working Party on Participatory Development and Good Governance* worked on the implementation of the document until 1997.⁷

⁶ An overview of the DAC's various current activities can be found in: OECD/DAC 1999: 147 ff.

Guidelines on Conflict, Peace and Development Cooperation

The DAC considered the issue of conflicts, peace and development cooperation at its *High Level Meeting* in May 1995. It was decided to implement a work programme with three objectives in mind (see Scharf 1998: 109 ff.; OECD 1997: 7):

- to draw conclusions from past experience on the connection between conflicts, peace and development cooperation,
- to seek means of improving the efficiency, effectiveness and coherence of the DAC Members in this area and
- to draw up practical policy guidelines for the formulation and implementation of programmes in this difficult sphere.

To this end, a working party (*Informal DAC Task Force on Conflict, Peace and Development Co-operation*) was set up. Its most important achievement has been the *Guidelines on Conflict, Peace and Development Cooperation*, which were completed in 1997. The guidelines were very well received at international level, since the document set out an innovative and carefully elaborated concept on a complex and new topic. The comprehensive nature of the guidelines also goes well beyond that of mere rules, embracing information that makes them into a practical reference work.

The guidelines provide a theoretical and conceptual framework (clarification of terms relevant to conflicts, discussion of causes and phases of conflicts, role of external actors, etc.), a debate with the various actors in the international community and "in the field" and a discussion of the forms of and mechanisms for operational approaches to development cooperation. The specific starting points are

- the transition from humanitarian emergency aid to development cooperation (special challenges, bridging the "gap" between the two instruments, etc.),
- good governance and civil society as foundations of peace (above all, human rights work, participation and democratization, development of public institutions, reform of the security sector and judiciary and strengthening of civil society with a view to building peace and achieving reconciliation),
- priorities in post-conflict situations (reintegration of uprooted population groups, demobilization of combatants, mine clearance, etc.) and
- regional approaches to crisis prevention and conflict management (regional management of natural resource use, regional arms control initiatives, etc.).

⁷ The outcome of the *Ad Hoc Working Party's* work is recorded in various papers, which can be found at the following Internet address: <http://www.oecd.org/dac>.

Another feature of the guidelines is that they are practical, since the operational approaches are largely illustrated with examples from current development cooperation. The guidelines will be complemented by a *DAC Policy Note* in 2001.

Other activities of the *Informal DAC Task Force on Conflict, Peace and Development Cooperation*

Besides drawing up the *Guidelines on Conflict, Peace and Development Cooperation*, the Task Force, or various of its members, initiated other activities. In 1998 and 1999 it launched a project to examine *The Limits and Scope for the Use of Development Assistance Incentives and Disincentives for Influencing Conflict Situations*. The project consisted of four country studies (Afghanistan, Bosnia-Herzegovina, Rwanda and Sri Lanka) and a summary report (Uvin 1999). The aim of the project was to consider whether and in what form donors use development cooperation during and after violent conflicts as an incentive or disincentive to reduce hostilities or support a lasting peace. The main conclusion drawn by the study is that development cooperation is political in any conflict situation and always includes incentives and disincentives for peace or war. However, what can be achieved with development cooperation alone is very limited. Hence the need, according to the study, for a coherent and comprehensive approach in the various areas of policy and for an innovative approach in development cooperation to create incentives for peace.

Other aspects considered by the Task Force include the reform of the security sector and means of registering the effect of development cooperation on peace or conflict situations (*peace and conflict impact assessment*). Where the security sector is concerned, a conceptual framework for development cooperation actors (OECD/DAC 2000) that includes approaches to internationally coherent action in this area was established. Canada and the Netherlands were particularly involved in the debate on impact assessment and drew up a proposal on the subject.

2.1.3 Evaluation and Outlook

The DAC can be rated positively as regards crisis prevention and conflict management. It showed some courage in taking up the subject at a very early stage and adopting an innovative approach on behalf of the international community. The *Guidelines on Conflict, Peace and Development Cooperation* should be singled out as a particularly important result, but they are not the only contribution the DAC has made in this sphere. It has thus done a great deal to ensure that crisis prevention and conflict management have come to occupy a permanent place as a standard and objective since the mid-1990s. The guidelines have become an important reference work for the bilateral and even the multilateral donors.

In the debate that followed the adoption of the guidelines on whether the Task Force should be disbanded now that the document had been completed it was decided that it should be retained. In view of the significant results since achieved by the Task Force, this has proved to be the right decision. As experience is still limited in this area compared to others, an

intensive international exchange of views is appropriate. The discussions the Task Force has may also encourage donors who have hitherto been reticent in this respect. Furthermore, many of the questions raised by the DAC are internally and externally sensitive (arms exports, etc.) and do not fall within the terms of reference of the agencies and government departments responsible for development cooperation. In such cases an internationally coordinated approach in the DAC may be an important aid to the debate in individual donor countries.

2.2 World Bank

2.2.1 Profile and Policy

Since its inception the World Bank has been directly concerned with conflict situations. It was established in 1944, while the Second World War was still in progress, and its real name includes "reconstruction"⁸ as one of its main objectives. As time has passed, however, the World Bank has increasingly become a development agency with no explicit link to the destruction wrought by war. Nonetheless, it has frequently been active in post-conflict countries in the past and has then seen its main task as involvement in the reconstruction of infrastructure (see Colletta/Nezam 1998: 105).

Despite the World Bank's traditional association with conflict-related problems and post-conflict countries, it initially adopted a guarded attitude in the early stages of the current debate on crisis prevention and conflict management in the 1990s. Although it has taken various conceptual and operational initiatives, it tends to be more reticent in this field than in others (e.g. the environment) and to become active only in certain cases. The most important reason for this is that the World Bank does not see itself as having a political mandate, i.e. it basically sees its mandate, the allocation of long-term loans for a development purposes, as an "unpolitical" task.⁹ Indeed, the World Bank's Articles of Agreement are based on the assumption that economic and political considerations can be viewed separately from one another. Article III states that the World Bank allocates loans "*with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations*". Many papers have shown that such a distinction is unrealistic, not least because of the member countries' political influence and the voting majorities in the supervisory bodies.¹⁰

⁸ *International Bank for Reconstruction and Development* (IBRD).

⁹ See also World Bank (1998b), which states (pp. 3 f.): "*The Bank is an international organization with a mandate, defined in its Articles of Agreement, to finance and facilitate reconstruction and development in its member countries. The Bank is not in charge of peacemaking or peacekeeping. It is not a governmental body for borrowing countries. These are functions of the United Nations and certain regional organizations. Under the explicit provisions of its Articles of Agreement, the Bank does not question the political character of a member and should not interfere in the domestic political affairs of a member. The Bank does not operate in the territory of a member without the approval of that member.*"

¹⁰ In this context see, for example, the following publications: Boyce (2000: 379 ff.) and Ball/Friedman/Rossiter (1997: 245 f.). See also Marshall (1998: 215 ff.).

A certain reticence when faced with political issues also explains why the World Bank has hitherto focused almost exclusively on post-conflict countries. It has either avoided any involvement in situations before the likely outbreak of violence (with a view to preventing violence) or in countries where violent acts are currently being committed, or it has found different terminology for them. An example is the current civil war in Sri Lanka. A World Bank study on Sri Lanka referred, for example, to "*post-war reconstruction*" (see World Bank 1998a). However, the Bank has shown in various recent documents that it is beginning to adjust its terminology.¹¹

Despite these qualifications, the World Bank made various conflict-related efforts in the latter half of the 1990s. A special *Post-Conflict Unit* was created in July 1997 to ensure that the subject became a permanent feature in the organization. Special reference should be made to the 1998 concept entitled "*Post-Conflict Reconstruction: The Role of the World Bank*" (World Bank 1998b), which had already been approved in similar form by the Executive Board a year earlier. In the concept the World Bank developed a five-stage approach for its involvement in conflict situations:

- Stage 1: Watching brief in acute conflict situations not involving operational activities so as to be rapidly in a position to launch initial measures as soon as circumstances allow.
- Stage 2: If the conditions are right for appropriate measures, the World Bank begins a detailed evaluation and the planning of reconstruction in the form of a transitional support strategy. It attends planning and coordination meetings of national and other actors.
- Stage 3: Early reconstruction activities in the form of measures of limited magnitude are undertaken. This may be done jointly with UN agencies or non-governmental actors.
- Stage 4: More extensive reconstruction measures are then taken (post-conflict reconstruction); they should no longer be financed from special funds but from ordinary resources.
- Stage 5: After the emergency phase has passed, there is to be a return to normal operations.

Besides producing the 1998 concept, the World Bank has appraised its own role and experience in a number of studies.¹²

2.2.2 Activities

Overview: growing activities

¹¹ An example is a draft document on operational procedures that appeared in 2000, which is entitled "*Development Assistance and Conflict*".

¹² See, for example, Kreimer et al. 1998 and Colletta/Kostner/Wiederhofer 1996. See also the comments below.

The World Bank's lending to post-conflict countries rose sharply after 1980, and especially in the 1990s, by some 800% (until 1997) to US\$ 6.2bn (World Bank 1998a: ix). The Bank played an important role in the provision of social safety nets for population groups affected by conflicts in countries of the former Soviet Union and in the coordination of international aid to Bosnia, to the Democratic Republic of Congo, to Mozambique and to the West Bank and Gaza.¹³ In Cambodia, Chad, Djibouti, Mozambique and Uganda it assisted the demobilization and reintegration of combatants. Other conflict-related measures (mine clearance, rehabilitation of important infrastructure, reintegration of displaced persons, etc.) were assisted in Liberia, Rwanda, Sierra Leone, Angola, Colombia and Eritrea, among other countries.

Since 1997 the World Bank has also had a *Post-Conflict Fund*, which is used to finance conflict analyses and early observation and planning activities (watching briefs, transitional support strategies, etc.¹⁴). In the 1998/1999 financial year US\$ 16m was made available for such activities from the new fund (World Bank 2000: 122).

Positive and negative impacts

It cannot be said precisely what effects the World Bank's activities have in conflict situations. There are indications of various positive impacts in certain countries, but there are equally examples of negative impacts.

As regards positive impacts, it should be emphasized that, where the World Bank has sought to make an explicitly conflict-related contribution, a relevant impact has often been achieved, even if it has not always been possible to measure the change in the conflict, let alone say that it has been resolved. This is true, for example, of the process of democratization in Malawi (and its function of preventing crises) in the first half of the 1990s and of the assistance provided for the West Bank and Gaza, Uganda and Bosnia-Herzegovina.¹⁵

On the other hand, various examples – some from the same countries – can be given of missed opportunities or possibly negative impacts. This is true, for instance, of Bosnia-Herzegovina, where there would have been further opportunities to use conditionality specifically for peace purposes (see Dahrendorf/Balian (1999: 62), and of Sri Lanka, where for a time the World Bank (together with the IMF) shrank from considering aspects relevant to the conflict (see Bush 1999: 26).

An accusation often levelled at the World Bank (along with the IMF) in the past is that its stabilization and growth policy, being geared to macroeconomic issues, has frequently led to

¹³ See, for example, the paper by Brynen/Awartani/Woodcraft (2000) on the Palestinian territories, where the World Bank's coordinating role becomes very clear.

¹⁴ See the 5-stage approach explained above.

¹⁵ See Ball/Friedman/Rossiter (1997: 254 ff.); Dahrendorf/Balian (1999: 61 ff.); Marshall (1998) and the various country studies in Forman/Patrick (eds) (2000).

disparities in countries, thus causing or exacerbating conflicts. This policy helped to cause "bread riots" in Egypt and Zambia, for instance (see, for example, Marshall 1998: 205 ff.; Klugman 1999: 26). Although such goals as crisis prevention and conflict management may still be inconsistent with macroeconomic objectives, which the Bank too pursues and demands, far more attention was paid to the social consequences of adjustment programmes in the 1990s. This does not mean that conflicts of objectives have always been overcome, but they have been significantly defused.

Certain of the World Bank's measures have been found to exacerbate conflicts in the past. An example of this negative impact is the Mahaweli programme in Sri Lanka (see Klingebiel 1999: 35). Since the 1930s and especially the 1940s resettlement projects have been implemented in Sri Lanka to alleviate the growing shortage of land in the south-west, where the population is very largely Sinhalese. Sri Lanka's Tamils have opposed these projects because they threaten to change the ethnic majority in the provinces concerned to the disadvantage of the Tamils and Muslims. With the Mahaweli project, which has been planned since the 1960s and consists of a large number of subsidiary energy generation projects, the country's largest scheme was launched, the aim being to use at least 74% of the settled area – where Tamils previously formed the majority of the population – for Sinhalese. The Sinhalese settlement projects became one of the decisive motivating factors in the Tamils' resistance. This is not least evident from the many attacks on colonies of new Sinhalese settlers during the civil war. As the Tamils and the LTTE see it, the settlement policy is one of the main causes of the civil war. The international community – and especially the World Bank – has supported the Mahaweli project since 1977.

The World Bank does not yet have any plans for the systematic appraisal of the implications that such measures have for conflicts. On the other hand, it does try, with what it calls *conflict impact assessment*, to estimate what effects a conflict situation has on its activities.

The basic problem of the fungibility of World Bank resources also needs to be considered in this context. In principle, there is a risk that any direct or indirect misuse of Bank resources may exacerbate conflict situations. They may, for example, ease the pressure on public budgets in the education sector, thus releasing funds for military purposes. The Bank does not yet have any pertinent test criteria.¹⁶

The sometimes serious delays between the analysis of requirements or commitments and the actual availability of resources and the generally belated action taken in conflict situations have also proved to be problems for whose solution resources are needed quickly (especially in post-conflict countries).¹⁷

2.2.3 Evaluation and Outlook

¹⁶ One body that has become active in this area is the EU Commission.

¹⁷ See, for example, Patrick (2000: 45) and the example taken in Brynen/Awartani/Woodcraft (2000: 215).

World Bank activities influence conflict situations in many different ways. They also have a major impact compared to the activities of other development actors. This is true of actual operations measures, but at least equally relevant to such issues as resource mobilization, donor coordination and the development of strategies for post-conflict countries.

The World Bank's involvement in conflict situations is thus highly political. Its function and potential should be both acknowledged and used more specifically for constructive crisis prevention and conflict management strategies. Although it must be accepted that the Bank has made efforts since the second half of the 1990s, it has not yet done enough.

2.3 IMF

2.3.1 Profile and Policy

Generally speaking, the profiles and policies of the IMF and World Bank show a number of similarities. As a result the two institutions are often analysed together where conflict and other situations are concerned.¹⁸ There are, however, differences that have a bearing on crisis prevention and conflict management.

The IMF's main task is to help its members to overcome temporary balance-of-payments problems. It provides aid for this purpose. In principle, this presupposes the adoption by the member country concerned of a stabilization programme (conditionality). The IMF's tasks are thus of a more short-term nature than the World Bank's.

In the 1990s the IMF was, on the whole, reluctant to address the question of how to adjust its policy to cater for crisis prevention and conflict management.¹⁹ This is evident from the comparatively few conceptual deliberations on the subject. The IMF's restraint is partly due to its rather narrowly worded mandate. A further reason is that a number of post-conflict countries are in debt to international institutions (including the IMF), which is a major obstacle to IMF assistance to them.²⁰

In the 1990s the IMF was urged by some of its member countries significantly to increase its efforts in the crisis prevention and conflict management sphere. Various attempts in this direction were made in the IMF's and World Bank's joint Development Committee and the IMF's Executive Board. The most important step so far taken by the IMF was the introduction in 1995 of a new financing instrument for post-conflict countries.

2.3.2 Activities

¹⁸ See, for example, Ball/Friedman/Rossiter (1997); Patrick (2000: 44 ff.); Klugman (1999: 26). Reference is then usually made to the Bretton Woods institutions or the international financial institutions (IFIs).

¹⁹ See, for example, Patrick (2000: 44 ff.).

²⁰ For this problem see IMF (1999: 65 ff.).

In the context of its emergency assistance the IMF introduced the option of assisting post-conflict countries in 1995. To qualify for support in the form of technical assistance, advice and financial assistance, countries must satisfy various requirements.²¹ Initially, countries wanting assistance of this kind were able to obtain resources equivalent to not more than 25% of their quotas; this was raised to 50% in April 1999.²² By the spring of 2000 a total of seven countries had received assistance under this scheme (some of them more than once): Albania, Bosnia-Herzegovina, the Republic of Congo, Rwanda, Sierra Leone, Tadjikistan and Guinea-Bissau. However, other IMF instruments may also be used in and relevant to conflict situations (before civil wars, for example).

Besides the instruments it uses, the importance of the signal that the IMF sends out to other external actors should not be underestimated. Agreements with the IMF may perform a crucial catalyst function for governments' bilateral activities and for private actors.

Recent studies on the IMF's role in post-conflict situations very largely conclude that it makes a constructive contribution. In most cases it can be assumed that the World Bank and IMF try to complement one another, but as a rule the IMF is less in evidence. Despite this, it has had a stabilizing effect in the Palestinian territories, for example.²³ Some studies also show, however, that problematical effects may occur:

"There is a real risk that the cuts in government spending involved in IMF packages can increase inequalities of access – depending on the capacity of the state to redistribute resources in ways that are considered to be fair." (Klugman 1999: 26)

This is true, for example, of Mozambique, where Hanlon (1996) accuses the IMF of having generated political risks with its macroeconomic stabilization policy, the main aim of which was to restrict the public wage policy. Various bilateral donors therefore openly opposed IMF demands that might have threatened the peace efforts in Mozambique (see Boyce 2000: 376; Ball/Barnes 2000: 195 ff.).

2.3.3 Evaluation and Outlook

Together with the World Bank, the IMF has played a decisive role for countries in situations that have a bearing on conflicts. The IMF too tries to define and portray its role as "unpolitical". Its efforts have hitherto been overly focused on post-conflict countries, whereas countries with the potential for conflict or where a violent conflict is currently under way have not been singled out for attention.

²¹ *"This assistance may be provided when the member's institutional or administrative capacity has been disrupted as a result of the conflict but there is still sufficient capacity for planning and policy implementation, and the member's authorities demonstrate a commitment when there is an urgent balance of payments need; and when IMF support would help in attracting other foreign aid, and is part of a concerted international effort."* (<http://www.imf.org/external/np/exr/facts/conflict.htm>, 5 June 2000)

²² See IMF (1999: 64 ff.); Patrick (2000: 45 f.).

²³ See, for example, Brynen/Awartani/Woodcraft (2000: 216 f.); Ball/Friedman/Rossiter (1997: 254 ff.).

Compared to the World Bank, the IMF took very few innovative steps in the 1990s, although the member countries are pressing for a greater commitment. The World Bank is leading the way here, while the Fund is visibly lagging behind.

Besides specific instruments for countries in conflict situations, an important step would be to examine standard IMF activities for their relevance to conflicts. IMF agreements often contain "explosive material" for the countries concerned and their internal debates. It is therefore very important for the IMF to become more transparent and more capable of analysis as regards conflict impact assessment.

3 Summary

The analysis of the activities of the OECD/DAC, World Bank and International Monetary Fund in the crisis prevention and conflict management sphere permits the following statements and conclusions:

- With due regard for the generally relative opportunities that external actors have for bringing influence to bear, the OECD/DAC, World Bank and IMF have, on the whole, considerable potential for preventing crises and managing conflicts with development resources. Since the second mid-1990s this potential has been tapped very constructively in some cases (e.g. the DAC guidelines that include suitable concepts and standards); in other cases there is still a need for reform (e.g. the introduction of the conflict impact assessment of World Bank measures).
- In the 1990s the crisis prevention and conflict management issue became far more relevant for the three institutions considered here. However, there are clear differences: the DAC (especially the appropriate Task Force) has assumed a proactive role, and the World Bank is at least trying to play an active role in some respects (especially reconstruction situations), while the IMF is far more hesitant.
- The mandates of the DAC on the one hand and of the World Bank and IMF on the other are fundamentally different and can hardly be compared one with the other. In the development of relevant standards the DAC plays a very central role, whereas for many countries in conflict situations the World Bank and IMF carry considerable weight in macroeconomic matters and as catalysts.
- The World Bank's and IMF's "unpolitical" self-image is an obstacle to their involvement in conflict situations and does not reflect reality. This is also true, for example, of their excessive concentration on post-conflict situations in the past.
- The activities of the DAC, World Bank and IMF and of other actors in crisis prevention and conflict management are important building blocks. Taken together, however, they do not yet amount to an international regime (in the sense of institutionalized standards, rules and decision-making processes).²⁴ This will require further efforts and an approach more closely coordinated with that of other actors in the development and other fields (the European Union, for example).

²⁴ See Forman/Patrick (2000: 13 f.).

Bibliography:

- Ashoff, Guido (2000): Der Entwicklungshilfeausschuß der OECD und die deutsche Entwicklungszusammenarbeit, Ein Verhältnis auf dem Prüfstand, Cologne
- Ball, Nicole/Barnes, Michael (2000): Mozambique, in: Forman/Patrick (eds) (2000), pp. 159-203
- Ball, Nicole/Friedman, Jordana D./Rossiter, Caleb S. (1997): The Role of International Financial Institutions in Preventing and Resolving Conflict, in: Cortright (ed.) (1997), pp. 243-264
- Bonvicini, Gianni et al. (eds) (1998): Preventing Violent Conflict, Issues from the Baltic and the Caucasus, Baden-Baden
- Boyce, James K. (2000): Beyond Good Intentions: External Assistance and Peace Building, in: Forman/Patrick (eds) (2000), pp. 367-382
- Brynen, Rex/Awartani, Hisham/Woodcraft, Clare (2000): The Palestinian Territories, in: Forman/Patrick (eds) (2000), pp. 205-258
- Bush, Kenneth D. (1999): Case Study: Sri Lanka, Workshop on the Limits and Scope for the Use of Development Co-operation Incentives and Disincentives for Influencing Conflict Situations, DAC Task Force on Conflict, Peace and Development, Paris
- Colletta, Nat/Kostner, Markus/Wiederhofer, Ingo (1996): The Transition from War to Peace in Sub-Saharan Africa, The World Bank, Washington, D.C.
- Colletta, Nat/Nezam, Taies (1998): The Role of Development Assistance in Conflict Prevention, Transition and Reconstruction, in: Grandvoinet/Schneider (eds) (1998), pp. 99-107
- Cortright, D. (1997): Incentives for Preventing Conflict, in: Cortright (ed.) (1997), pp. 267-301
- Cortright, D. (ed.) (1997): The Price of Peace, Incentives and International Conflict Prevention, Lanham etc.
- Dahrendorf, Nicola/Balian, Hrair (1999): Case Study: Bosnia and Herzegovina, Workshop on the Limits and Scope for the Use of Development Co-operation Incentives and Disincentives for Influencing Conflict Situations, DAC Task Force on Conflict, Peace and Development, Paris
- Forman, Shepard/Patrick, Stewart (2000), Introduction, in: Forman/Patrick (eds) (2000), pp. 1-33
- Forman, Shepard/Patrick, Stewart (eds) (2000), Good Intentions, Pledges of Aid for Postconflict Recovery, Boulder/London
- Grandvoinet, Hélène/Schneider, Hartmut (eds) (1998): Conflict Management in Africa, A Permanent Challenge, Development Centre of the OECD, Paris
- Hanlon, Joseph (1996): Peace without Profit, How the IMF blocks rebuilding in Mozambique, London
- IMF (International Monetary Fund) (1999): Annual Report, 1999, Washington, D.C.
- Klingebiel, Stephan (1999): Impact of Development Cooperation in Conflict Situations, Cross-section Report on Evaluations of German Development Cooperation in Six Countries, German Development Institute, Berlin
- Klugman, Jeni (1999): Social and Economic Policies to Prevent Complex Humanitarian Emergencies, Lessons from Experience, World Institute for Development Economic Research, Policy Brief No. 2, Helsinki
- Kreimer, Alcira et al. (1998): The World Bank's Experience with Post-Conflict Reconstruction, World Bank Operations Evaluations Department, Washington, D.C.
- Marshall, Kathrine (1998): Emerging from Conflict, The Role of International Development Finance Institutions, in: Bonvicini et al. (eds) (1998), pp. 197-223
- Matthies, Volker (1999): Krisenprävention als Friedenspolitik, Zur Entstehung und Entwicklung eines neuen politischen Konzepts, in: Entwicklung und Zusammenarbeit, Vol. 40, No. 4, pp. 103-106
- Mehler, Andreas/Ribaux, Claude (2000): Crisis Prevention and Conflict Management in Technical Cooperation, An Overview of the National and International Debate, Wiesbaden

- OECD/DAC (1993): Orientations on Participatory Development and Good Governance, Paris
- : (1997): DAC Guidelines on Conflict, Peace and Development Co-operation, Paris
- : (1999): Development Co-operation, 1999 Report, Efforts and Policies of the Members of the Development Assistance Committee, Paris
- : (2000): Security-Sector Reform and Development Cooperation: A Conceptual Framework for Enhancing Policy Coherence, Informal DAC Task Force on Conflict, Peace and Development Co-operation, DCD(2000)4, Paris
- Patrick, Stewart (2000): The Donor Community and the Challenge of Postconflict Recovery, in: Forman/Patrick (eds) (2000), pp. 35-65
- Scharf, Robert (1998): Key Findings of the OECD-DAC Task Force on Conflict, Peace and Development Co-operation: The Imperative of Conflict Prevention, in: Grandvoininnet/Schneider (Hg.) (1998), pp. 109-121
- Uvin, Peter (1999): The Influence of Aid in Situations of Violent Conflict, A Synthesis and a Commentary on the Lessons Learned from Case Studies on the Limits and Scope for the Use of Development Assistance Incentives and Disincentives for Influencing Conflict Situations, Informal DAC Task Force on Conflict, Peace and Development Co-operation, Paris
- World Bank (1998a): The World Bank Experience with Post-Conflict Reconstruction, Volume V: Desk Reviews of Cambodia, Eritrea, Haiti, Lebanon, Rwanda, and Sri Lanka, (Report No. 17769), Washington, D.C.
- : (1998b): Post-Conflict Reconstruction, The Role of the World Bank, Washington, D.C.
- : (2000): Annual Report 1999, Washington, D.C.